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NOTE: Pursuant to Fed. Cir. R. 47.6, this disposition
is not citable as precedent. It is a public record.

United States Court of Appeals for the Federal Circuit

04-1525

SPORTS MACHINE, INC. (doing business as BickSource),

Appellant,

v.

MIDWEST MERCHANDIZING, INC.,

Appellee.

JUDGMENT

**ON APPEAL from the UNITED STATES PATENT AND TRADEMARK OFFICE
TRADEMARK TRIAL AND APPEAL BOARD**

In CASE NO(S). 91/122,948

**FILED
U.S. COURT OF APPEALS FOR
THE FEDERAL CIRCUIT**

This CAUSE having been heard and considered, it is

APR 11 2005

ORDERED and ADJUDGED:

**JAN HORBALY
CLERK**

PER CURIAM (LOURIE, BRYSON, and GAJARSA, Circuit Judges):

AFFIRMED. See Fed. Cir. R. 36.

ENTERED BY ORDER OF THE COURT

107
DATED APR 11 2005

Jan Horbaly
JAN HORBALY, CLERK

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**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

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UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

04-1525
(Opposition No. 91/122,948)

SPORTS MACHINE, INC. (doing business as Bike Source),

Appellant,

v.

MIDWEST MERCHANDISING, INC.

Appellee.

Appeal from the United States Patent and Trademark Office,
Trademark Trial and Appeal Board.

Reply Brief of Appellant, Sports Machine, Inc.

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December 3, 2004

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ARGUMENT

1. Objections to Appellee's Brief

Opposer-Appellant, Sports Machine, Inc., d/b/a Bike Source, filed its Main Brief with the information required by Federal Circuit Rule 28(a).

The Main Brief filed by Applicant-Appellee, Midwest Merchandising, Inc., is governed by Federal Circuit Rule 28(b). Specifically,

“appellee’s jurisdictional statement and statements of the issues, the case, the facts, and the standard of review must be limited to specific areas of disagreement with those of the appellant. Absent disagreement, the appellee must not include any of those statements.”

Applicant proceeded to include a Statement of Related Cases listing a “case” which is not a related case under Federal Circuit Rule 47.5. Applicant included unnecessary and irrelevant detail in an Appellate Jurisdictional Statement. Applicant then attempted to present its own Statement of the Issues, its own Statement of the Case, and its own Statement of Facts. Finally, it attempts to raise the issue preclusion doctrine of collateral estoppel, even though the TTAB specifically based its decision on claims preclusion.

2. The TTAB Erred in Entering Judgment Based on *Res Judicata* Because Opposer’s Claim is Not Precluded Under the Restatement’s Concept of A Claim.

The actions of the TTAB have resulted in a Catch-22 situation for Opposer. In the previous cancellation proceeding, the TTAB refused to cancel the compound mark BIKESOURCE (stylized), shown here:

BIKESOURCE

Since the stylized presentation of the mark created a commercial impression which some may find distinctive, Opposer did not appeal the finding that the stylized mark was entitled to remain on the Principal Register.

Applicant had apparently recognized that the stylized presentation was limited because it had filed a separate application to register the word mark BIKESOURCE. The TTAB's summary dismissal of the Opposition to the word mark has deprived the Opposer of its right to object to the registration of a patently descriptive word mark, which would then be protectable in any form.

In its Brief, Applicant argued that the TTAB was correct in summarily applying its finding in the Cancellation proceeding to the present Opposition, specifically referring to a finding that the BIKESOURCE (stylized) mark is not merely descriptive of the services, and the TTAB's refusal to require a disclaimer of the term. Applicant then noted that, if the TTAB is found to have erred in applying the doctrine of *res*

judicata in the Opposition, that such error was harmless because the same result could have been reached in applying the doctrine of collateral estoppel. (Appellee's Brief, pp. 7-8).

In its Brief, Opposer has laid out its position on this issue. Applicant has argued that the judgment based on *res judicata* was appropriate because "The 'Factual Grouping' in the Opposition is identical to that in the Cancellation." (Appellee's Brief, p. 20). However, a visual comparison of the two marks shows that they are not the same mark in terms of commercial impression:

BIKESOURCE

and

BIKESOURCE

The TTAB's opinion in the Cancellation proceeding that the mark in stylized form, considered in its entirety, is not merely descriptive acknowledges that the stylized mark may be distinctive, that is, capable of acting as a service mark. However, that judgment does not support a summary dismissal of opposition to registration of a mark with a different commercial impression.

Finally, Applicant has made much of the fact that the BIKESOURCE (stylized) mark was registered without a disclaimer. However, under Trademark Office practice, a disclaimer of a component of a mark such as BIKESOURCE will not be required

unless the mark is presented in a typed drawing as two separate words. TMEP §1213.05(a). In any event, the absence of a disclaimer does not mean that a word or phrase in a registration is distinctive; the PTO has discretion in accepting or requiring disclaimers, and its practice, as a result, is inconsistent. *National Data Corp.* 753 F.2d 1056, 224 USPQ 749, 752 (Fed. Cir. 1985). In any event, as Opposer has already argued, the distinctiveness of the a stylized mark does not impart distinctiveness to the words standing alone.

3. Opposer Is Not Seeking Inconsistent Results By Pursuing The Opposition Proceedings. The Outcome of the Previously Described Cancellation Proceeding Did Not Dictate The Outcome of the Opposition Proceeding.

Applicant has suggested that the disposition of the Cancellation proceeding dictated the outcome of the Opposition “because the TTAB’s suspension was expressly to avoid duplication of effort and inconsistent results.” (Appellee’s Brief, p. 23). However, its reasoning is flawed. It is true that, if the stylized mark had been cancelled, then the Opposition would have to have been sustained as well, since a word mark confers broader rights on an Applicant than does a stylized mark. However, the converse is simply not true: allowing a stylized mark to be registered on the Principal Register does not automatically entitle an applicant to registration of

the word mark itself.

4. Without Stylization, the Mark BIKESOURCE is Clearly Merely Descriptive of the Retail Services With Which it is Used.

The TTAB's decision in the Cancellation proceeding that the BIKESOURCE (stylized) mark is registerable should not prevent the Federal Circuit from reviewing the "findings of fact" underpinning that decision. Even under the standards announced in *Dickinson v. Zurko*, 527 U.S. 150 (1999), the TTAB's reasoning as to the descriptiveness of the term BIKESOURCE would be found to be arbitrary. The decision in the Opposition proceeding "imported" the factual determination from the decision in the Cancellation proceeding (A07). In that decision, the TTAB stated that "we find the registered mark (BIKESOURCE in stylized lettering) requires some exercise of mental gymnastics to perceive a descriptive significance thereof." (A20). However, the TTAB failed to elucidate what those "gymnastics" consist of, since the words that make up the mark can only have descriptive meanings when applied to the retail services, as evidenced in the only evidence¹ that Opposer is able to introduce to the Federal Circuit: the specimen of use in Application No. 76/035/008 for BIKESOURCE (typed word drawing) (the same specimen filed in Registration No.

¹Because of the summary judgment, no evidence was ever introduced in the Opposition proceeding.

1,887,592 for BIKESOURCE (stylized)), namely, the advertisement shown at Appendix 88. Clearly, the phrases "THE SOURCE!" and "KANSAS CITY'S BEST SOURCE FOR BIKES. . . ." show that the word BIKESOURCE can have only one meaning: that BIKESOURCE is a retail store for bikes!

CONCLUSION AND STATEMENT OF RELIEF SOUGHT

For all of the reasons stated herein, this Court should vacate and reverse the TTAB's entry of judgment against Opposer on the affirmative defense of *res judicata* and should direct the TTAB to sustain the Opposition because the mark BIKESOURCE (typed drawing) is descriptive and, hence, unregistrable.

Alternatively, this Court should vacate and reverse the TTAB's entry of judgment against Opposer on the affirmative defense of *res judicata* and should direct the TTAB to resume the Opposition proceedings.

Date: December 3, 2004

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing Reply Brief was served on the United States Court of Appeals for the Federal Circuit, on Dec. 3, 2004, by mailing an original and eleven (11) true copies thereof via First Class U.S. Express Mail, No. ER 256337341 US, US postage prepaid, addressed to Clerk of Court, United States Court of Appeals for the Federal Circuit, 717 Madison Place, NW, Washington, DC 20439.

By: Mary J. Gaskin
Mary J. Gaskin

CERTIFICATE OF SERVICE

I hereby certify that two (2) copies of the foregoing Reply Brief were served on counsel for Applicant on Dec. 3, 2004, via First Class U.S. Mail, postage prepaid, addressed to Roger A. Gilcrest, Schottenstein, Zox & Dunn Co., L.P.A., P.O. Box 165020, Columbus, Ohio 43216-5020.

By: Mary J. Gaskin
Mary J. Gaskin

CERTIFICATE UNDER 37 CFR 1.8

I hereby certify that two copies of the foregoing Reply Brief were served on the U. S. Patent & Trademark Office, Solicitor's Office, on Dec. 3, 2004, via First Class U.S. Mail, postage prepaid, addressed to John M. Whealan, P.O. Box 15667, Arlington, VA 22215.

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